

# TELECOMMUNICATIONS AND CABLE TV

## *Pay-Per-Call Telephone Service*

Thousands of independent promoters invite consumers to call “900” telephone numbers for information or services. Consumers calling “900” numbers must pay a flat-rate or per-minute charge for each call. Charges for “pay-per-call” services are *not* regulated.

When “pay per call” services were first offered, many consumers were not aware of the difference between “900” (pay-per-call) and “800” (free) numbers. Charges were not adequately disclosed, and many consumers were unexpectedly billed for large amounts. Some promoters also used “900” numbers to perpetrate other frauds.

Wisconsin Statutes section 196.208 prohibits a number of “pay-per-call” abuses. The Wisconsin Public Service Commission (<http://www.psc.state.wi.us/>) enforces this law, with help from the Department of Justice and district attorneys.

## **Businesses Involved**

An “information provider” is a person or business who furnishes a “pay-per-call” service and receives most of the money from calls made by consumers. Telephone companies provide telecommunications access for “pay-per-call” services, and may bill consumers on behalf of “information providers.” Other companies may also be hired to provide billing services or handle complaints on behalf of “information providers.”

## **Notice to Callers**

Under the Wisconsin law, an “information provider” must begin each “pay-per-call service” with a preamble notice to the caller (unless the call is charged at a flat rate of less than \$2). The preamble must disclose all the following:

- The cost of the call. If the cost is based on the length of the call, the preamble must disclose all the following:
  - The charges per minute or other unit of time.
  - Any minimum charges.
  - The total cost of the call if the duration of the call can be determined.
- The name of the “information provider.”
- An accurate description of the information, product or service that the caller will receive.

- That billing will begin after a “beep” or other billing signal occurs. The caller must be given a reasonable amount of time to hang up, after hearing the preamble, before the billing signal occurs.
- Instruct callers under age 18 to hang up unless they have parental permission. This instruction is required if the pay-per-call service is associated with, aimed at or likely to be of interest to individuals under age 18.

## **Prohibited Charges**

An “information provider” may not:

- Charge a caller who hangs up before a required billing signal (see above).
- Charge a caller for time that elapses before a required billing signal (see above).
- Charge a caller for time the caller spends on “hold.”

## **Sales Solicitations**

If a “pay-per-call service” includes an offer of goods or services, the “information provider” must:

- Disclose, as part of the initial communication with the caller, all conditions, restrictions and charges that apply to the offer.
- Refrain from any false, deceptive or misleading representation.

## **Advertising “Pay-Per-Call” Services**

- Advertisements for “pay-per-call” services must clearly disclose:
  - The name of the information provider.
  - The identity and cost of all goods and services offered for sale.
  - All conditions, restrictions or charges attached to the receipt of any gift or prize offered as an incentive for the use of the “pay-per-call” service.
  - That callers may be solicited to buy other “pay-per-call” services, if that is the case.
- Advertisements for “pay-per-call” services may not:
  - Make any false, deceptive or misleading representations.

- Misrepresent that the service is toll-free.

## **Toll-Free Services**

A person who sells goods or services using a toll-free “800” number may not:

- Charge a consumer for a call made on the toll-free “800” number.
- Switch a toll-free “800” number caller to a “pay-per-call” service.
- Make a “collect” return call to a toll-free “800” number caller.

## **Telephone Company Billing**

- A telephone company that provides telecommunications access and bills consumers for “pay-per-call” services must:
  - Disclose, on each billing statement, that the consumer’s telephone service may not be discontinued for failure to pay for “900” number calls.
  - Remove “900” number charges from the billing statements of consumers who dispute those charges.
  - Notify consumers that they may request “900” number blocking (if technically feasible). The telephone company may not reinstate a consumer's access to “900” number service unless the consumer makes a written request for reinstatement.
- A telephone company that provides telecommunications access and bills consumers for “pay-per-call” services may not:
  - Disconnect a consumer’s basic local or long distance service for failure to pay for “900” number calls.
  - Charge a consumer for investigating a “900” number billing dispute. This is prohibited by *federal* law under 16 CFR 308.
  - Try to collect a disputed “900” number charge, or report it to a credit bureau until the dispute is investigated. This is prohibited by *federal* law under 16 CFR 308.
  - Condition the extension of local exchange service on a customer’s agreement to block access to pay-per-call services.

## **Enforcement**

- A person or class of persons adversely affected by a violation of Wisconsin’s “pay-per-call” law may sue for appropriate relief including damages, injunctive or declaratory relief,

specific performance and rescission.

- The Wisconsin Public Service Commission (PSC) may investigate violations by telephone companies, and may ask the Wisconsin Department of Justice or a district attorney to take court enforcement action. The Department of Justice may investigate violations by others.
- The Wisconsin Department of Justice or a district attorney may start a court action against a person violating the Wisconsin “pay per call” law. DOJ or a district attorney may seek an injunction, restitution and civil forfeitures of up to \$5,000 per violation. The PSC must request an action against a telephone company.